

# IDAHO OUTLOOK

## NEWS OF IDAHO'S ECONOMY AND BUDGET

STATE OF IDAHO

DIVISION OF FINANCIAL MANAGEMENT

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When Peter, Paul, and Mary sang "If I had a Hammer," little did they know their early 1960's anthem could serve double duty as the theme song for the Gem State's construction sector over four decades later. For readers unfamiliar with this song, it starts:

*If I had a hammer,  
I'd hammer in the morning  
I'd hammer in the evening,  
All over this land*

Sound familiar? It should. The red-hot construction sector has created an opus for hammers, saws, and sanders that has been performed throughout Idaho.

The strong construction sector has caused employment to soar in 2005, making it one of the state's major growth engines. As the accompanying table shows, Idaho construction employment rose from 42,954 jobs in September 2004 to 49,144 jobs in September 2005, a 14.4% increase. In comparison, Idaho total nonfarm employment less construction increased 3.5% over the same period. (The September job data represents the most comprehensive information available at the time this article was written.)

The table also includes construction employment by county to show the number of jobs created all over this land. Thirty-five of the state's 44 counties gained construction jobs compared to September 2004. In some counties the year-over-year job growth rate is mind-boggling. However, the size of the job base should be considered when interpreting these gains. The largest relative gains tend

to be in counties with less than 1,000 construction jobs in 2004. For example, Clark County's employment jumped 267%, from three jobs in 2004 to 11 jobs in 2005. On the other hand, these smaller counties also had the largest percent of job losses. In fact, with the exception of Bonneville County, all of the counties losing construction jobs had a job base of less than 1,000 jobs in 2004.

While larger counties may not match the job growth rates of the smaller counties, they did create more jobs. Ada, Bannock, Blaine, Bonner, Bonneville, Canyon, Kootenai, and Twin Falls counties all had more than 1,000 construction jobs in 2004 and added more jobs in 2005. These counties combined accounted for 80% of the state's construction job growth. Of this group, Canyon County enjoyed the strongest job growth (26%) and Ada County added the most jobs (2,166). Only one of the larger counties experienced a decline. Bonneville County's construction employment fell by 32 jobs (-1%) from September 2004 to September 2005.

Idaho housing permit data compiled by Wells Fargo and published in its November 2005 *Idaho Construction Report* help explain why construction employment has done so well. The number of permits for new dwelling units for the first 11 months of 2005 was 20% higher than the previous year. The value of November 2005 total residential permits was just under one-quarter billion dollars, 17% above the previous November. The year-to-date value for the first 11 months was nearly 34% ahead of 2004. Given this strong activity, it is no wonder

construction workers have been hammering day and night all over Idaho.

Idaho Construction Employment			
	September		
	2005	2004	Change
State	49,144	42,954	14.4%
Ada	15,096	12,930	16.8%
Adams	117	96	21.9%
Bannock	2,290	2,155	6.3%
Bear Lake	36	42	-14.3%
Benewah	177	131	35.1%
Bingham	1,051	980	7.2%
Blaine	2,520	2,361	6.7%
Boise	129	94	37.2%
Bonner	1,388	1,177	17.9%
Bonneville	3,438	3,470	-0.9%
Boundary	289	301	-4.0%
Butte	27	41	-34.1%
Camas	13	30	-56.7%
Canyon	5,811	4,605	26.2%
Caribou	246	258	-4.7%
Cassia	384	355	8.2%
Clark	11	3	266.7%
Clearwater	158	119	32.8%
Custer	67	39	71.8%
Elmore	330	280	17.9%
Franklin	323	228	41.7%
Fremont	320	323	-0.9%
Gem	287	213	34.7%
Gooding	305	220	38.6%
Idaho	313	289	8.3%
Jefferson	715	607	17.8%
Jerome	336	279	20.4%
Kootenai	5,688	4,849	17.3%
Latah	657	467	40.7%
Lemhi	211	167	26.3%
Lewis	76	41	85.4%
Lincoln	184	99	85.9%
Madison	677	539	25.6%
Minidoka	297	276	7.6%
Nez Perce	856	979	-12.6%
Oneida	34	18	88.9%
Owynee	158	103	53.4%
Payette	310	252	23.0%
Power	85	195	-56.4%
Shoshone	270	225	20.0%
Teton	589	487	20.9%
Twin Falls	1,828	1,575	16.1%
Valley	647	465	39.1%
Washington	138	127	8.7%

SOURCE: Idaho Department of Commerce and Labor

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## General Fund Update

As of January 31, 2006

<u>Revenue Source</u>	<b>\$ Millions</b>		
	FY06 Executive Estimate <sup>3</sup>	DFM Predicted to Date	Actual Accrued to Date
Individual Income tax	1,096.7	644.4	649.4
Corporate Income tax	164.4	84.7	101.8
Sales Tax	836.4	531.1	536.6
Product Taxes <sup>1</sup>	23.2	13.9	14.0
Miscellaneous	108.4	47.9	49.8
<b>TOTAL GENERAL FUND<sup>2</sup></b>	<b>2,229.1</b>	<b>1,322.0</b>	<b>1,351.5</b>

<sup>1</sup> Product Taxes include beer, wine, liquor, tobacco and cigarette taxes  
<sup>2</sup> May not total due to rounding  
<sup>3</sup> Revised Estimate as of January 2006

January makes the seventh consecutive month General Fund revenue has exceeded expectations. January's gain was \$8.1 million, due almost entirely to strong corporate income tax collections. Fiscal year-to-date revenue now stands \$29.5 million ahead of the predicted amount. Corporate income tax accounts for approximately 58 percent of the year-to-date excess, while the individual income tax and the sales tax account for 17 percent and 19 percent, respectively.

Individual income tax revenue was \$1.0 million lower than expected in January. January's weakness was due to a combination of filing and

withholding payments that were \$3.3 million higher than predicted for the month which was offset by filing refunds and diversions that were \$4.3 million higher than predicted for the month.

Corporate income tax revenue was \$11.3 million higher than expected in January. The bulk of the month's gain was due to filing payments being \$9.7 million higher than expected. Filing payments in January were more than double the previous highest amount and almost four times the expected amount for January.

Sales tax revenue was \$1.2 million higher than expected in January. Gross collections were

expected to grow by 4.6% over January 2005, but actual growth was 6.0%. Sales tax now stands \$5.5 million higher than expected on a year-to-date basis.

Product taxes were slightly ahead of target in January, but the miscellaneous revenue category was \$3.4 million lower than expected for the month. This reflects the expected reversal of last month's "bounce" in unclaimed property revenue. Without the impact of unclaimed property, the miscellaneous category would have been \$0.4 million higher than expected due to unusually large Department of Environmental Quality fines in the January receipts.